

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE CASH MARKETS (03/31):**

BUTTER: Grade AA closed at \$1.1600. The weekly average for Grade AA is \$1.1555 (+.0005).

CHEESE: Barrels closed at \$1.1350 and blocks at \$1.1675. The weekly average for barrels is \$1.1315 (+.0030) and blocks, \$1.1695 (-.0145).

BUTTER: The cash butter price at the CME continues to adjust fractionally and closed the week at \$1.1600. Churning activity across the country is seasonally strong as cream volumes remain heavy. Some butter producers indicate that cream offerings are somewhat lighter although readily available to maintain capacity or near capacity production schedules. Butter demand remains strong enough to keep stocks moving at most operations, although many indicate that holiday demand has slowed and inventories are continuing to build. Feature activity during the Easter/Passover holiday period appears to not be as aggressive as in past years. Many producers and handlers are quite surprised at the lack of feature activity this year, especially with the cash price at levels of the past month or so. The Kansas City Commodity Office announced the purchase of 205,200 pounds of one-pound prints under invitation PBD2-011 at prices ranging \$1.3350-1.3540. Delivery is to be made May-June.

CHEESE: The cheese market is unsettled. Seasonally improved process demand has tightened barrel supplies. Mozzarella interest remains fairly strong with some supplemental loads moving from the freezer. Interest in many other natural varieties is steady to lighter as customer stocks have been rebuilt and/or supplies for near term needs have been covered. Demand from many aging programs has also slowed. Many producers have been limiting production to just cover commitments. Few producers care to make extra just to build inventory, especially with the expected negative return on cheese and whey sales versus the milk cost in many areas.

FLUID MILK: Milk production is trending seasonally higher throughout most of the nation. Steadier volumes are noted in Florida, Utah and Idaho due to changing weather patterns. Class I interest is variable in response to intermittent demand from schools that recess for spring break. Class II demand for fluid milk is reportedly reduced as Easter/Passover orders are adequately filled. As a result, excess milk supplies are heavy, encouraging milk intakes at manufacturing facilities. Upper Midwest plants reportedly have limited capacity in taking in any additional milk. Coastal Class IV facilities are receiving more milk, resulting in increased cream and condensed skim volumes. Spot condensed skim sales are sluggish, increasing condensed skim intakes at NDM facilities. Cream supplies remain heavy, although in better balance than the week prior. Handlers question whether ice cream seasonality still exists and whether demand from these users will increase as summer encroaches. Cream prices are lower in response to lower CME AA average butter prices and reduced cream multipliers.

DRY PRODUCTS: Dry product prices continue to trend lower with the exception of the lactose market. Heavy milk receipts are encouraging strong NDM production. NDM stocks are more balanced due to improved NDM export interest. However, with production outpacing demand, lower prices and increased movement of NDM to the CCC is anticipated. Buttermilk prices shifted significantly lower in the coastal areas, encouraging some increased movement. Despite seasonal increased interest in condensed buttermilk from Class II users, production of dry buttermilk remains strong and stocks continue to build. With lower WPC prices, intakes of condensed whey into these facilities are steady to lower. As a result, more condensed whey is available to the trade, resulting in increased condensed whey receipts at dry whey facilities. Prices continue to trend lower on whey and WPC. The lactose market is firm with supplies short of buyer interest and second quarter contract prices reported as trending higher.

CCC: During the week of March 27 - 31, there was no dairy support activity.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):

The following are the March 2006 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$11.69 (-\$0.93), Class III \$11.11 (-\$1.09), and Class IV \$10.68 (-\$0.42). Product price averages used in computing Class prices are: butter \$1.1647, NDM \$0.8697, cheese \$1.1612, and dry whey \$0.3409. The Class II butterfat price is \$1.2666 and the Class III/IV butterfat price is \$1.2596. Further information may be found at: www.ams.usda.gov/dyfmoms/mib/classprcacnmt.pdf

CONSUMER PRICE INDEX (BLS): The February 2006 CPI for all food is 194.0, up 2.8% from February 2005. The dairy products index is 183.4, up 0.9% from a year ago. The following are the February to February changes for selected products: fresh whole milk is +2.2%; cheese, -1.0%; and butter, -6.8%.

MARCH AGRICULTURAL PRICES HIGHLIGHTS (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in March 2006 declined 1 point to 144. Compared with March 2005, the index was up 5 points (3.6%). The index of prices received by farmers for dairy products declined 5 points during the month of March 2006 to 98. Compared with March 2005, the index was down 21 points (17.6%). Prices received by farmers in March with changes from February were: for All Milk, \$12.80, down \$.70; Fluid Grade Milk, \$12.80, down \$.70; and for Manufacturing Grade Milk, \$11.80, down \$.80. The March Milk-Feed Ratio declined for the fourth straight month settling at 2.77, the lowest in more than 2 years.

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

PRODUCT	MONDAY MARCH 27	TUESDAY MARCH 28	WEDNESDAY MARCH 29	THURSDAY MARCH 30	FRIDAY MARCH 31	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.1300 (N.C.)	\$1.1300 (N.C.)	\$1.1300 (N.C.)	\$1.1325 (+.0025)	\$1.1350 (+.0025)	(+.0050)	\$1.1315 (+.0030)
40# BLOCKS	\$1.1850 (N.C.)	\$1.1650 (-.0200)	\$1.1650 (N.C.)	\$1.1650 (N.C.)	\$1.1675 (+.0025)	(-.0175)	\$1.1695 (-.0145)
BUTTER							
GRADE AA	\$1.1500 (N.C.)	\$1.1550 (+.0050)	\$1.1550 (N.C.)	\$1.1575 (+.0025)	\$1.1600 (+.0025)	(+.0100)	\$1.1555 (+.0005)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM NOTE: CME NDM on Page 2.

CHICAGO MERCANTILE EXCHANGE

MONDAY, MARCH 27, 2006

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.1850; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.1850
 BUTTER — SALES: NONE; BIDS UNFILLED: 4 CARS GRADE AA: 1 @ \$1.1475, 2 @ \$1.1450, 1 @ \$1.1400; OFFERS UNCOVERED: NONE

TUESDAY, MARCH 28, 2006

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.1650; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: NONE; BIDS UNFILLED: 7 CARS GRADE AA: 1 @ \$1.1550, 2 @ \$1.1525, 2 @ \$1.1500, 2 @ \$1.1400; OFFERS UNCOVERED: NONE

WEDNESDAY, MARCH 29, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 1 CAR GRADE AA @ \$1.1525; BIDS UNFILLED: 5 CARS GRADE AA: 2 @ \$1.1550, 1 @ \$1.1525, 1 @ \$1.1500, 1 @ \$1.1450; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.1650

THURSDAY, MARCH 30, 2006

CHEESE — SALES: 1 CAR BARRELS @ \$1.1325; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1300; 1 CAR 40# BLOCKS @ \$1.1650; OFFERS UNCOVERED: NONE
 BUTTER — SALES: NONE; BIDS UNFILLED: 4 CARS GRADE AA: 1 @ \$1.1575, 3 @ \$1.1550; OFFERS UNCOVERED: NONE

FRIDAY, MARCH 31, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: 2 CARS BARRELS: 1 @ \$1.1350, 1 @ \$1.1250; 1 CAR 40# BLOCKS @ \$1.1675; OFFERS UNCOVERED: NONE
 BUTTER — SALES: NONE; BIDS UNFILLED: 2 CARS GRADE AA: 1 @ \$1.1600, 1 @ \$1.1500; OFFERS UNCOVERED: NONE

CME CASH NONFAT DRY MILK: Extra Grade closed the week at \$0.8900 and Grade A at \$0.8875. (The last price change for Extra Grade was January 24 and Grade A occurred February 1.) The weekly average for Extra Grade is \$0.8900 (N.C.) and Grade A is \$0.8875 (N.C.).

BUTTER MARKETS**NORTHEAST**

Butter market remains unsettled. The CME butter price has held relatively steady this past week. However, the price has been steady at its lowest point since September 2003. There has been some improved demand for packaged butter to meet anticipated Easter needs, but most of these orders have been filled. The continued heavy churning activity is pushing producer inventories well beyond desired levels. Stocks are growing at above normal levels. Cream supplies remain excessive despite some scattered improvement in Class II utilization. Eastern churns are operating at near-flush levels and contacts feel that this level of output will continue through most of the spring and early summer. Demand for both bulk and packaged butter is fair at best. Food service orders are steady, but suppliers expect improved orders for Easter weekend. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

CENTRAL

The cash butter price is basically holding steady at \$1.1550 at midweek. Butter producers and traders indicate that the market tone remains weak and project that the cash price will weaken once Easter/Passover orders are filled. Churning activity remains seasonally strong, although surplus cream offerings are not as plentiful this week as in recent weeks. Most churns continue to run near capacity, but some operations are able align cream receipts to generate a down day or two. Butter demand remains strong enough to keep stocks moving at some operations, although many indicate that holiday demand has slowed and inventories are continuing to build. Easter/Passover orders have been fairly good, but lower than many suppliers anticipated in light of current cash price levels. Feature activity

appears to not be as active as many had anticipated. Food service orders remain fair. Bulk butter for spot sale is being reported in the flat – 2 cents per pound over various pricing basis.

WEST

Cash butter prices at the CME fell, last week, to a level that had not been seen since September 2003. This week, they rebounded 1/2 cent to stand at \$1.1550 at midweek. Contacts were not surprised that prices have gotten this low because of the current heavy production and somewhat lackluster demand. Cream offerings remain very heavy and churning is above expected levels. Most retail butter for Easter has been ordered and much of it has been shipped. Very little promotion activity is noted and this is surprising some contacts. The thinking was with prices this low featuring butter should be an easy sell, but this is not the case for whatever reason. Some firms are stating that they are happy with retail butter orders for the season. Food service orders appear to be good as people still seem to be eating out. Stocks of bulk butter continue to expand. The weekly CME warehouse figure grew by 2.3 million pounds last week to stand at 110.9 million pounds. This compares to 63.3 million pounds last year and 92.9 million pounds in 2004. Stocks since the first of the year have grown by 83.9 million pounds compared to 51.9 million pounds for the same period last year. The difference works out to an average weekly increase in growth of 2.5 million pounds. The CWT export program has helped to sell 2.5 million pounds of butter overseas this year. Prices for bulk butter range from 2 cents under to 5 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES**U.S. AVERAGES AND TOTAL POUNDS**

	CHEESE			
	40# BLOCKS	BARRELS	NDM	BUTTER
		38% MOISTURE		
WEEK ENDING				
MARCH 25	1.1531	1.1325	0.8599	1.1530
	8,903,537	9,958,511	17,318,393	3,134,434
				DRY WHEY
				0.3293
				10,954,857

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are mixed and range from fractionally lower to fractionally higher. The market tone remains weak. At the CME, cheese prices appear to have leveled off in the past two weeks, but growing volumes of surplus milk are pushing more cheese onto the market. Contacts feel that milk volumes are already near anticipated flush levels and will likely hold at these levels or higher as we move through spring and into summer. Buyers, seeing the possibility of lower prices, are holding off on long term purchases, preferring instead to make short term purchases until prices are more attractive. Currently, demand for cheese is slow to fair. Some improvement has been noted for typical Easter/Passover needs, but most of these orders have been placed and new orders are slow to develop. Food service orders are starting to improve as restaurants prepare for Easter.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2650-1.7850
Cheddar Single Daisies	:	1.2225-1.7075
Cheddar 40# Block	:	1.3250-1.5950
Process 5# Loaf	:	1.3400-1.5775
Process 5# Sliced	:	1.3600-1.5850
Muenster	:	1.3375-1.5375
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is unsettled to weak. The cheese market is in a trading range with prices slipping from their recent peak. Current cheese interest remains best for shreds and natural slices. Chunk interest remains sluggish with promotional activities generally directed toward the other products. Mozzarella interest remains good though current natural American seems to be slowing. Promotional activity has increased on pizza. Interest in cheddar for aging programs seems to be slowing. Most processors are noting a seasonal pickup in process interest. Spot barrel supplies are limited with at least a few plants reporting being committed for several weeks out. Adequate to often ample supplies of undergrades are available, depending on buyer needs. Cheese plant operators report ample supplies of milk available to them, including offerings from the South. Some plant operators still seem to be limiting production to committed sales volumes due to concern with the profitability in March at current cheese and milk prices.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3975-1.7400
Brick And/Or Muenster 5#	:	1.6900-1.7275
Cheddar 40# Block	:	1.5300-2.2650
Monterey Jack 10#	:	1.6900-2.2650
Blue 5#	:	2.0325-2.3700
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.3575-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.4050-2.8400

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
03/27/06	33,208	:	130,010
03/01/06	30,370	:	132,576
CHANGE	2,838	:	-2,566
% CHANGE	9	:	-2

WEST

Cash block cheese prices had been holding steady in the \$1.18 range since March 10 until they declined 2 cents this week to stand at \$1.1650. Trading activity at the Exchange has been very light and this week was no different. Buyers seem to be taking their contracted loads at set prices, but are bidding lower for some additional loads of number one cheese and not finding many ready sellers. Processors seem to be stocking up on barrels and under grade cheese with shipments scheduled into May. Under grade cheese offerings are lighter than a month ago. Mozzarella sales are fair and little is coming out of the freezer back onto the market. Swiss sales are fair to good for this time of the year. American cheese inventories at the end of February were 548 million pounds, the most ever for that date. January inventories were revised higher by 6.6 million pounds. The CWT export program has helped to sell 2.3 million pounds of cheese overseas this year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2825-1.5400
Cheddar 40# Block	:	1.3000-1.6525
Cheddar 10# Cuts	:	1.4800-1.7000
Monterey Jack 10#	:	1.4900-1.6500
Grade A Swiss Cuts 6 - 9#	:	2.3500-2.7000

FOREIGN

Prices are steady to fractionally higher on domestic styles. The market tone is little changed from past weeks, but some improved interest for Easter/Passover is being noted. Supplies are adequate to cover current needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-4.4300	: 1.5775-3.0675*
Gorgonzola	: 3.6900-5.9400	: 2.0875-2.4900*
Parmesan (Italy)	: TFEWR	: 2.9925-3.0975*
Romano (Italy)	: 2.1000-3.1900	: -0-
Provolone (Italy)	: 3.4400-6.0900	: 1.5775-1.8150*
Romano (Cows Milk)	: -0-	: 2.7750-4.9175*
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggianito (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 3.1200-4.1500	: -0-
Swiss Cuts Switzerland	: -0-	: 2.4500-2.6500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.5600	: -0-
Gouda, Large	: TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	158	0	125	0	171
SOUTHEAST STATES	0	0	0	0	0	0

Milk production is increasing in most areas of the East. However, Florida contacts comment that the milk flow is holding fairly steady as a result of cooler weather this past weekend. Elsewhere, production gains have been steady and above expectations. Warmer weather is predicted for much of the region and contacts feel that this will push output even higher. Reportedly, the peak has not yet been reached in the Southeast. Fluid milk supplies remain excessive for the mixed Class I demand. Surplus milk volumes are heavy. Some schools are still on break and others are back in session. Florida schools are generally back in session, which helped bottling. However, the exodus of winter residents is beginning. Most of the "snowbirds" are hitting the road north, a typical end of March pattern. This loss of consumers is having a negative impact on bottled milk sales. Consequently, there was an increase in the number of loads leaving the state. Manufacturing plant capacities throughout the region continue to be tested. Spot condensed skim sales remain somewhat sluggish. The slower demand for wet solids forces more skim to be dried. This, in turn, creates more and cheaper NDM and many condensed skim users are finding it less expensive to reconstitute NDM to meet their skim solids needs. The fluid cream market is mixed, but still tending to be weak. Offerings are growing and are more than ample to meet the steady to occasionally improved demand. Spot interest is fair to good, but buyers are keenly aware of market conditions and being very choosy about prices they accept. There have been anecdotal reports of buyers cancelling loads because they could find other loads at a lower price. Spot prices are generally lower as the multiples are mostly steady to lower and the CME average butter price declined 1.55 cents last week. Class II demand is mostly steady, but anticipated warmer weather may give an early-spring boost to soft serve mix. Cream cheese production is steady to slower as Easter needs have been filled, but with the generally low prices for cream/butterfat, some producers are taking a few spot loads. Production of bottled cream, sour cream, and dips is steady to a little slower now that Passover and Easter needs have been filled. Churning activity remains heavy.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3052-1.4669
DELIVERED EQUIVALENT ATLANTA	-	1.3283-1.4900 M 1.3976-1.4553
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3629-1.4438

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9500-1.0400
NORTHEAST- CLASS III - SPOT PRICES	- .9300-1.0400

M I D W E S T

Class I interest was irregularly higher and lower, often depending where schools were on spring break. Otherwise, Class I interest was generally steady at late month levels. Class II interest is generally average. Local milk intakes are steady to slightly higher with ample supplies available for any would be buyers from other areas of the country. Producers looking to change milk buyers are finding little, if any interest, since most plants are already nearing capacity and discounted milk is available to purchase on an "as needed" basis rather than commit to a steady supply. A few plant operators are already talking with other plant operators to see if they would help them handle some of their expected spring flush intakes. Plant capacity is already limited in the Upper Midwest. Large volumes of spot and committed milk supplies are headed to Upper Midwestern plants for manufacturing. Reported spot manufacturing milk prices range from around -\$0.60 to flat class for local milk supplies. Cream interest is steady to improved with volumes heading to the churn somewhat lighter and multiples creeping higher. Printers are active filling holiday orders with limited amounts of micro-fixed bulk butter needed. Ice cream production is generally steady. Current milk intakes are steady to slightly higher seasonally. Fat and protein tests are drifting lower. Some additional producers

are asking for check advances to pay bills while others are adding cows to keep their income steadier at lower milk prices. Still other producers are culling "tail enders" while livestock prices are stronger. Some limited fieldwork is occurring though ground is soft.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MARCH 23 - 29	PREVIOUS YEAR
SLAUGHTER COWS	\$ 49.00- 54.00	\$ 57.00- 63.00
REPLACEMENT HEIFER CALVES	\$300.00-650.00	\$300.00-700.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MARCH 23 - 29	PREVIOUS YEAR
SLAUGHTER COWS	\$ 45.00- 59.00	\$ 61.00- 69.50

W E S T

February 2006 POOL RECEIPTS of milk in CALIFORNIA total 2.89 billion pounds, 7.0% higher than last year. NASS indicated an increase of 6.6%. Receipts are 3.8% above January on a daily average basis. The February blend price, at a fat test of 3.73%, is \$11.83, \$1.30 lower than January and \$2.29 less than February 2005. The percentage of receipts used in Class 1 products is 14.72%. The February quota price is \$12.75 and the over quota price is \$11.05. These prices are \$1.16 lower than January and \$2.21 lower than a year earlier. Wet conditions have been common over much of CALIFORNIA for the past week and more rain is forecast. The milking herds in the Central Valley have not been impacted much by these conditions. Milk production remains very heavy. Some impact is noted in the far northern region where rainfall is way above normal and producers are seeing a double digit negative impact on milk output. The major problem that the rain is causing is for hay growers. With showers common every 3-4 days, there has not been a window of time available to harvest hay. The crop is getting older and losing some feed value. Those that have tried to cut are getting their windrows wet. Either way, quality for the first cutting of hay is suffering. Also, dairy hay buyers are stating that they can't pay as much for hay supplies as milk prices continue to decline. Some plant production problems have caused milk to move around to find a home. This has been a difficult process and is expected to get worse as the milk flush approaches. Some plant inspections conducted by governmental agencies are also causing plants to loose capacity for various periods of time. Plant managers are becoming more concerned with how all the milk in the state will be handled this spring. Significant rain has fallen in ARIZONA for the first time since last fall. Shower activity continues to occur and temperatures are again touching 80 degrees. The milk flow was knocked back for a few days, but it is now ahead of the levels before the storms hit. Milk is moving around the region to find available plant capacity. The storms were large enough to finally put some snow pack into the mountains with some areas getting upwards of 60 inches. CREAM supplies available to the churn may not be quite as heavy as in the past few weeks because items related to the upcoming Easter holiday period are taking more cream. This is not to say that churning is not still heavy. Contacts are not satisfied with how the ice cream season is developing. For the last two years the ice cream market has been below expectations and this year may be shaping up the same way. Cream marketers are wondering what the situation will look like in a few weeks when all the Easter trade is completed. The assumption is that churning may increase further again. The CME cash butter price is holding at \$1.1550 at midweek after having gone down and up 1/2 cent. Cream multiples range from 100 to 120 and vary depending on class usage and basing points. Wet conditions continue to be common in the coastal regions of the PACIFIC NORTHWEST. Some areas are setting records for the amount of moisture in the snow pack. Feed lots are wet, but not bad enough to stress the cows all that much. Some herds are approaching their seasonal peak, while others are a ways off. Tests are easing off seasonally. Plants in the region are concerned about being able to handle the milk efficiently this spring. Culling rates are generally holding steady, but some dairies are offering to sell heifers to bolster the current cash flow. Some believe that they may have waited too long and that heifers appear to be backing up and prices softening. Rain, rather than snow is now the situation in the dairy areas of UTAH and IDAHO. Milk output is generally steady. Some hay growers have tried to get out and do some early season spraying, but it is still too soft. Most expect to have a full season of water available this year. Heifer prices at one of the weekly sales in the region area averaging around \$1750, the same as in January 2005.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are generally unchanged on a steady to weak market. Production is steady to higher with plants adequately handling seasonal fluxes in the milk supply. Demand is improving as prices settle. Offerings from the West are generally not competitive with prices in the Central region due to costs in shipping. Some buyer interest is noted in contracting current prices forward into the summer months. Sellers are hesitant to contract out and prefer to just clear loads available currently. High heat supplies remain limited for the mostly contractual interest.

EAST: Prices are often lower and the market tone remains weak. The NASS average NDM price (the basis for most NDM sales) declined about 1.0 cent last week. There are growing reports of low prices (near support) on multi-load/large-volume sales in the Western/Central areas. Eastern producers report continued heavy output and growing inventories. Dryer capacities are being stretched by the heavy volumes of surplus milk and there is little time to produce high heat NDM, but some is being made to fill orders. Demand is fair at best as buyers buy for immediate needs. Most expect prices to fall further and some are delaying purchases until April when energy surcharges are expected to temporarily disappear. Some buyers continue to find better prices in the resale side of the market.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .8300 - .9175 MOSTLY: .8300 - .8600
 HIGHHEAT: .8900 - 1.0300

NONFAT DRY MILK - WEST

Prices did not change very much for Western NDM this week, but the undertone remains weak. Sellers continue to use price as one factor to stimulate some additional buying interest. Stocks and offerings of powder are heavy with some plants indicating that they are going to outside storage to handle the growing inventories. Contacts did indicate that new export sales activity is helping to control things in the near term. Some new sales to Mexico are reported. Most Western contacts speculate that additional powder will end up going to the government price support program this spring. One of the Western price movers indicated that their surveyed prices were more than 3 cents lower this week. Production is very heavy as more milk is heading to butter/powder operations and out of cheese plants. As more spring flush milk becomes available, this option will not be available. Demand for high heat powder is slow at this time. Many manufacturers had built up stocks earlier in the year, knowing that they would be limiting high heat production when plant capacity becomes more of an issue. They believe that they have enough on hand to get through the spring.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .7950 - .8775 MOSTLY: .8100 - .8200
 HIGHHEAT: .8350 - .9025

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
March 24	\$.8164	7,432,157	436,243
March 17	\$.8469	14,545,579	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged to lower on a weak market. Although some stocks have cleared at the lower price range, production is steady and stocks continue to build at some locations. Demand is best into brokerage operations and some Class II facilities. Unconfirmed reports of trades nearly a dime below the average are noted. With ice cream production increasing, condensed buttermilk is hoped to clear more readily into ice cream facilities rather than dryers.

F.O.B. CENTRAL: .7500 - .8275

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices continue to trend lower and the market tone is weak. The Northeast prices remain nominal. Production levels are moderate to heavy, but most dryers are busy making NDM. Churning activity is heavy as surplus milk/cream supplies grow. Producer stocks are increasing and price discounts are more common. Demand for liquid/condensed buttermilk is starting to improve along seasonal patterns. Demand is lackluster and mostly contractual.

F.O.B. NORTHEAST: .7800 - .8200
 DELVD SOUTHEAST: .8000 - .8300

DRY BUTTERMILK - WEST

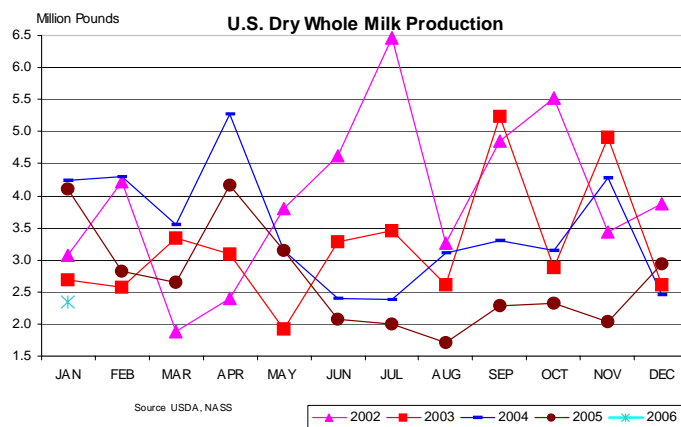
Western buttermilk powder prices moved sharply lower. Sellers are attempting to stimulate some additional buying interest with only limited success. Demand is lackluster even with the lower prices. Two other concerns in the market are the age on some of the powder that is being offered for sale and whether the protein levels meet the 30% minimum level. These concerns are putting a further damper on the market. Inventories at most operations are growing to uncomfortable levels.

F.O.B. WEST: .6200 - .7500 MOSTLY: .6800 - .7300

DRY WHOLE MILK - NATIONAL

Prices are mostly steady to lower and nominal. The market tone is unchanged. Production levels are generally geared to filling orders, which are seasonally light. Plant stocks are light.

F.O.B. PRODUCING PLANT: 1.1800 - 1.2400



WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are lower on a weak market. Offerings on multiple loads are noted at a discount whereas single loads are being offered near the average. Demand is fair at best. Some buyers remain hesitant in picking up additional loads as prices are expected to trend lower. Contractual users are also slow to pick-up orders, encouraging producer stocks to build at some locations. Feed whey supplies are available yet buyers often prefer to delay their purchases as in a few more weeks, Extra Grade product is expected to be equitable in price. Offerings of condensed whey are heavy for the very light interest at feed facilities, custom dryers or WPC/lactose operations.

F.O.B. CENTRAL: .2850 - .3175 MOSTLY: .2950 - .3050
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2600 - .2850

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices continue to move lower and the market tone is weak. Production levels are moderate to heavy, reflecting the volumes of milk available to cheese makers. Contract sales are clearing normal volumes. However, more reports indicate that producers do have extra loads to move. These extra loads, unlike contracted loads, are often moved at a discount to the market. Resellers, in an effort to remain competitive in the market and not build their own inventories, are often selling loads at a loss. Buyers are taking full advantage of this for their spot needs. However, demand is slow as buyers feel that prices will only move lower through the next month or so. Export interest is steady at best.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3150 - .3600
DELVD SOUTHEAST: .3325 - .3500

DRY WHEY - WEST

Western whey prices are holding steady or declining fractionally. Most reports indicate that powder is still moving well and that inventories at the producer level are not a problem. A concern that more market participants are making known is about increasing supplies of whey on the market. Some whey solids that had been used to produce concentrated whey products are now being dried directly into sweet edible whey powder. There is some concern that this trend may accelerate. Export demand for powder remains good with the U.S. continuing to be one of the best sources for whey in the world. Domestic buyers are noting that the lower prices are fitting better into product formulation plans.

NONHYGROSCOPIC: .3100 - .3525 MOSTLY: .3100 - .3325

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are lower on a weak market. Offerings continue heavy. Producers that are fully contracted or producing Grade A or heat treated WPC 34% are in the best position. Supplies of WPC 80% are long and competitive with the WPC 34% market. Some feed buyers that switched to wheat proteins during higher price trends are showing decreased interest in WPC 34% as prices are reduced. In addition, buyers of CCC sell back NDM from earlier in the year are less apt to purchase WPC 34% at the present time. Some interest in WPC 34% for edible use in export markets is noted. Feed grade WPC 34% and 80% are readily available at prices that vary with the quality. Feed grade demand is light to fair.

F.O.B. EXTRA GRADE 34% PROTEIN: .5950 - .7000 MOSTLY: .6300 - .6700

LACTOSE - CENTRAL AND WEST

Prices are unchanged to higher on a firm market. Some contracts for second quarter are finalized at prices 1 to 2 cents higher than reported last quarter. Negotiations are, in some instances, expected to continue well into April. However, producers are not apt to dwell on negotiations for very long due to the limited supply availability. Tight sugar markets may encourage firm prices for lactose for the remainder of the year, depending on manufacturer formulations. However, traders expect increased supply availability of dry whey permeate to hinder price movement and demand for lactose contract negotiations in the third quarter. Feed grade lactose supplies are short of buyer interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
F.O.B. EDIBLE: .2200 - .2800 MOSTLY: .2300 - .2600

CASEIN - NATIONAL

Casein markets are unsettled and weak, although prices are still holding steady. Traders and handlers anticipated that prices will trend lower soon, especially with a new quarter beginning within the week. Supplies are available for buyer needs, although acid volumes remain in shorter supply than rennet. Buyers continue to report that lower priced product is available in the marketplace, but some remain hesitant to take advantage of the offerings.

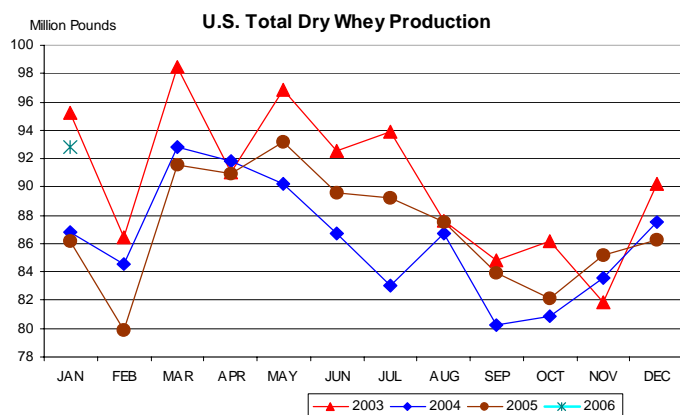
SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.1500 - 3.2700
ACID: 3.0800 - 3.2700

EVAPORATED MILK - NATIONAL

Prices are steady. Buyers are taking normal volumes, but the usual Easter "bump" in demand is past as most of those orders have been shipped. The market remains highly competitive as buyers react to recent price increases. Production levels are moderate to heavy.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$21.20 - 36.00
Excluding promotional and other sales allowances. Included new price announcements.



CHICAGO MERCANTILE EXCHANGE FUTURESSelected settling prices, (open interest), and volume 1/

Month	03/15	03/16	03/17	03/20	03/21	03/22	03/23	03/24	03/27	03/28
CME - CLASS III MILK FUTURES (Pit-Traded)										
MAR 06	11.13 (2610) 16	11.13 (2607) 5	11.13 (2670) 33	11.13 (2669) 14	11.15 (2699) 26	11.15 (2691) 31	11.14 (2719) 7	11.12 (2677) 95	11.12 (2648) 10	11.12 (2629) 3
APR 06	11.10 (3130) 24	11.05 (3124) 35	10.98 (3120) 62	10.88 (3086) 106	10.85 (3060) 74	10.89 (3077) 29	10.95 (3091) 72	10.98 (3073) 47	10.95 (3072) 19	10.95 (3072) 57
MAY 06	11.10 (2927) 17	11.06 (2954) 28	10.98 (3023) 136	10.86 (3093) 231	10.83 (3156) 162	10.80 (3159) 41	10.89 (3144) 121	10.93 (3163) 55	10.82 (3181) 76	10.72 (3292) 138
JUN 06	11.26 (3013) 36	11.23 (3042) 64	11.18 (3065) 27	11.03 (3039) 128	11.03 (3074) 68	11.00 (3072) 22	11.02 (3100) 51	11.06 (3111) 33	10.95 (3155) 110	10.86 (3239) 140
JUL 06	11.60 (2647) 21	11.58 (2682) 53	11.50 (2700) 24	11.43 (2729) 137	11.40 (2680) 103	11.35 (2789) 39	11.37 (2831) 62	11.37 (2828) 33	11.28 (2894) 94	11.20 (2994) 139
AUG 06	12.14 (2907) 25	12.10 (2930) 66	12.07 (2953) 38	11.95 (2968) 135	11.95 (3011) 83	11.85 (3000) 38	12.02 (3104) 138	11.97 (3052) 68	11.80 (3062) 75	11.71 (3163) 131
SEP 06	12.15 (2868) 17	12.13 (2892) 62	12.15 (2922) 55	12.03 (2926) 103	11.96 (2969) 79	11.92 (2986) 23	12.07 (3005) 116	12.02 (3023) 76	11.88 (3040) 86	11.84 (3083) 69
OCT 06	12.10 (2696) 25	12.10 (2700) 42	12.11 (2718) 16	11.99 (2733) 101	12.01 (2753) 27	11.96 (2762) 18	12.10 (2831) 88	12.00 (2802) 35	11.90 (2823) 60	11.85 (2881) 94
NOV 06	12.13 (2391) 23	12.10 (2400) 26	12.05 (2420) 12	11.98 (2431) 61	12.00 (2446) 23	11.95 (2467) 33	12.10 (2515) 92	11.94 (2514) 23	11.88 (2523) 37	11.87 (2568) 55
DEC 06	12.06 (2289) 24	12.07 (2317) 29	12.00 (2341) 18	11.94 (2310) 45	11.91 (2318) 18	11.90 (2351) 42	12.00 (2378) 43	11.83 (2385) 13	11.82 (2410) 29	11.76 (2472) 65
JAN 07	11.95 (475) 8	11.95 (491) 17	11.95 (525) 41	11.88 (530) 18	11.85 (549) 37	11.80 (557) 17	11.80 (564) 9	11.75 (561) 0	11.70 (572) 11	11.71 (571) 9
FEB 07	11.89 (445) 6	11.93 (447) 5	11.90 (458) 16	11.80 (458) 44	11.80 (466) 28	11.77 (470) 21	11.77 (477) 9	11.77 (477) 0	11.77 (484) 10	11.78 (489) 10
MAR 07	11.95 (451) 15	12.00 (458) 13	11.95 (475) 19	11.90 (476) 19	11.80 (493) 25	11.72 (500) 20	11.72 (507) 9	11.72 (507) 0	11.71 (514) 7	11.72 (518) 8
APR 07	12.15 (351) 14	12.19 (356) 11	12.15 (361) 8	12.10 (360) 31	12.05 (366) 22	12.00 (388) 26	12.00 (397) 9	11.95 (397) 0	11.95 (400) 16	11.95 (405) 5
MAY 07	12.14 (331) 13	12.15 (334) 4	12.10 (347) 20	12.10 (351) 17	12.05 (359) 24	11.99 (376) 24	11.99 (385) 9	11.99 (385) 0	11.99 (389) 12	11.99 (392) 4
JUN 07	12.25 (314) 12	12.29 (316) 4	12.20 (324) 8	12.20 (326) 2	12.15 (331) 21	12.19 (335) 7	12.19 (342) 7	12.19 (342) 0	12.19 (348) 15	12.19 (352) 4
JUL 07	12.15 (197) 1	12.23 (201) 4	12.45 (203) 3	12.30 (199) 2	12.30 (202) 5	12.30 (202) 0	12.30 (202) 0	12.30 (204) 6	12.30 (204) 0	12.25 (213) 9
CME - CLASS IV MILK FUTURES (Pit-Traded)										
MAR 06	11.00 (12) 0	11.00 (12) 0	10.90 (12) 0	10.90 (12) 0	10.85 (12) 0	10.83 (12) 0	10.83 (12) 0	10.83 (12) 0	10.80 (12) 0	10.77 (12) 0
APR 06	11.00 (1) 0	11.00 (1) 0	11.00 (1) 0	11.00 (1) 0	10.95 (1) 0	10.93 (1) 0	10.93 (1) 0	10.93 (1) 0	10.90 (1) 0	10.87 (1) 0
MAY 06	11.00 (1) 0	11.00 (1) 0	11.00 (1) 0	11.00 (1) 0	11.00 (1) 0	11.00 (1) 0	11.00 (1) 0	11.00 (1) 0	11.00 (1) 0	11.00 (1) 0
CME - PRODUCT SETTLED BUTTER FUTURES (Pit-Traded)										
MAR 06	116.00 (40) 0	116.00 (32) 0	116.00 (26) 0	115.00 (26) 2	115.00 (24) 3	115.25 (22) 1	115.25 (22) 0	115.25 (21) 0	115.25 (14) 0	115.25 (14) 0
MAY 06	121.50 (244) 0	121.50 (244) 6	121.50 (244) 0	120.25 (242) 12	120.25 (243) 6	119.00 (247) 8	119.00 (234) 20	118.00 (235) 3	118.00 (235) 0	118.00 (235) 0
JUL 06	124.50 (310) 1	124.50 (313) 3	125.00 (312) 1	123.50 (312) 1	123.50 (312) 0	122.00 (310) 4	121.00 (310) 2	121.00 (311) 1	121.00 (311) 0	121.75 (311) 0
SEP 06	127.25 (247) 6	127.25 (247) 0	127.25 (247) 0	126.25 (249) 4	126.25 (252) 3	125.00 (253) 2	125.00 (272) 19	125.00 (274) 2	125.00 (276) 6	125.00 (276) 0
OCT 06	128.00 (147) 8	128.00 (147) 0	128.00 (147) 0	127.25 (147) 1	127.00 (149) 3	126.00 (149) 1	126.00 (152) 3	126.00 (152) 0	126.00 (152) 0	126.25 (153) 1
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
MAR 06	118.00 (327) 0	118.00 (327) 0	118.00 (327) 0	118.00 (325) 0	117.75 (325) 2	117.50 (321) 4	117.25 (317) 4	117.00 (317) 8	117.00 (312) 28	117.00 (307) 5
APR 06	121.25 (347) 7	121.50 (347) 2	121.50 (347) 0	119.50 (343) 4	118.75 (349) 10	118.25 (349) 7	118.25 (345) 0	118.25 (343) 0	117.75 (345) 2	118.75 (346) 1
MAY 06	120.50 (448) 0	120.50 (448) 0	120.50 (448) 0	120.00 (451) 9	120.00 (451) 1	120.00 (449) 1	119.50 (452) 3	121.00 (463) 11	119.75 (473) 10	119.75 (478) 6

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-250-3208.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered March 20 - 31, 2006

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

WESTERN OVERVIEW: The European milk production season continues to build. Some contacts feel that the increase has been slowed by cooler than usual temperatures in recent weeks and slow pasture growth. Usually, by this time, more producers have had to curtail production growth as the milk quota yearend neared. This year some producers, especially in Italy and Germany, will have to adjust their marketing as milk volumes surpass quota limits or incur super levy charges. There are some additional countries that are very close to quota maximum levels, but will probably make it through the March 31 deadline. Eleven of the original fifteen EU countries will realize a 0.5% increase in their milk quotas for the upcoming quota year. The other four countries had an immediate increase in their quotas when quota adjustments were announced a few years ago. Producers and handlers do not anticipate that this increase will be immediately noticed, but will probably become apparent nearer the end of the 2006 - 2007 quota year. Manufacturing schedules are increasing seasonally, although a larger proportion of milk is clearing through the fluid milk side of the market versus butter/powder, whole milk, or casein. Some small lot or immediate delivery sales are being reported, but not significant enough to indicate that demand will continue to grow. Traders state that buyers are still holding off placing orders until prices weaken. Intervention for butter continues to open in more countries. At the present time, twelve countries are able to offer butter to intervention which indicates that butter prices and commercial demand are weak. For producers to become eligible to offer to this program, commercial butter prices need to be at or below intervention levels in their respective country. The Dairy Management Committee met again on March 30. Since March 1 through March 24, butter intervention offerings total 11,760 MT and skim milk powder offerings remain at zero.

BUTTER/BUTTEROIL: European butter markets are holding generally steady at unchanged prices. Prices in most countries of Europe are at or below intervention levels thus the intervention program is open to producers in those countries. From March 1 through March 24, 11,760 MT of butter have cleared to the program. At this rate, many butter producers and handlers feel that it will not be too long before the 50,000 MT maximum levels will be attained, especially as milk production increases seasonally and as buyer interest remains slow.

82% BUTTERFAT: 1,875 - 2,125
99% BUTTERFAT: 2,300 - 2,550

SKIM MILK POWDER (SMP): The skim milk powder market tone is unsettled with prices unchanged to slightly lower. The recent firmness in the market appears to be weakening. Some traders indicate that a few small lot/immediate shipment sales are occurring, but are probably not the turning point in the market. Traders feel that buyers are placing only immediate need orders and will wait for further price declines before placing more substantial orders. As of March 24, no offerings to intervention have occurred as commercial prices remain above intervention levels.

1.25% BUTTERFAT: 2,200 - 2,350

WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady at unchanged prices. Stocks of powder are building, although slowly. Milk volumes are clearing through fluid channels more so than manufacturing, although as milk volumes increase seasonally, so will powder production. Some small lot sales are being report. Much of this activity is for immediate needs and for those buyers that specifically desire European sourced whole milk powder. Traders and handlers speculate that buyers are hesitant to place orders at current price levels and are awaiting lower prices.

26% BUTTERFAT: 2,100 - 2,250

SWEET WHEY POWDER: Whey markets and prices remain firm, although a slight weakening trend is occurring at the top end of the reported price range. Cheese production remains seasonally fair, but as milk volumes increase, cheese output will increase, thus will whey volumes. At present, the internal animal feed market remains strong and is absorbing good volumes of available whey. Recent high prices have caused some buyers to back away from the market, but as prices potentially weaken, producers and handlers feel that renewed buyer interest may return.

NONHYGROSCOPIC: 800 - 900

EASTERN OVERVIEW: Spring weather conditions in Eastern Europe are slow in developing. Although milk production is increasing, cooler than usual temperatures are hindering new pasture growth and impacting late season/

OCEANIA

OCEANIA OVERVIEW: Milk production reports out of Oceania continue to indicate that milk volumes are declining seasonally. In New Zealand, milk production trends are mixed. Some indicate that output is running ahead of last year, but below projections while others note that production is trailing last year by 2 - 2.5%. In Australia, the high temperatures in December and January did have a negative impact on cumulative production. In January, output was down 1.1% when compared to last January. Production was down in most all regions for the month except in South Australia and Tasmania. When compared to January 2005, output was 2.0% lower in Victoria, down 0.7% in New South Wales, but 9.7% higher in Tasmania. The two recent negative production months in Australia have lowered the cumulative increase to 0.1% for the first seven months of the current production season. Milk handlers feel that the heat of recent months will continue to hinder milk output for the balance of the year. As milk volumes decrease, so are plant operations. Many remain active while others are reducing their production schedules by a day or two depending on milk intakes. Stocks of manufactured dairy products are reported to be in balance for needs with some suppliers and handlers reaching to outside sources to supplement production. This situation is not unexpected as some suppliers and handlers had previously made these arrangements early in the production season, if not before it began. As milk production winds down, many handlers and suppliers remain steadfast that they will have very little or no additional product available at the end of the season for spot or new buyer interest. Although the new milk production season is still five months away, sales negotiations are resuming for that time period.

BUTTER: Oceania butter markets and prices are weak. Producers and handlers indicate that stocks are sufficient to maintain scheduled shipping timelines. The milk production season is declining, thus butter production is also on the down side. Handlers and traders state that they will be able to fulfill their contractual requirements with current and projected stocks. Some traders may need to reach to pre-arranged outside sources to round out spot shortages.

82% BUTTERFAT: 1,750 - 1,900

CHEDDAR CHEESE: Oceania cheese markets are generally steady with prices unchanged to slightly lower on the top end of the reported range. Traders indicate that stocks are sufficient to maintain timely delivery schedules. Some traders and handlers are stating that sales negotiations for the upcoming production season are underway. Early indications are that needs will be basically the same, although some buyers are backing away slightly.

39% MAXIMUM MOISTURE: 2,600 - 2,750

SKIM MILK POWDER (SMP): Skim milk powder markets are generally steady at unchanged prices, although the market undertone is unsettled and weak. Oceania traders and handlers indicate that lower priced stocks outside of the region are putting downward pressure on prices. Current stock levels are in balance with needs, although some traders indicate that they may need to reach to outside sources to supplement declining production and inventories as the milk production season winds down.

1.25% BUTTERFAT: 2,100 - 2,200

WHOLE MILK POWDER (WMP): Whole milk powder markets and prices are generally unchanged. Traders and handlers indicate that international prices are very much in line with quoted Oceania prices, thus no significant pressure is occurring on Oceania traders to lower their offering prices. Stocks are in balance with current needs. Some contacts voice concern about future powder production, especially when New Zealand milk production is not at projected levels and Australian output is losing early season strength.

26% BUTTERFAT: 2,100 - 2,200

Exchange rates for selected foreign currencies: March 27, 2006

.8551 Canadian Dollar	.0224 Indian Rupee
.3245 Argentina Peso	.6061 New Zealand Dollar
.0913 Mexican Peso	.7053 Australian Dollar
.3060 Polish Zloty	.0086 Japanese Yen
	1.2011 Euro

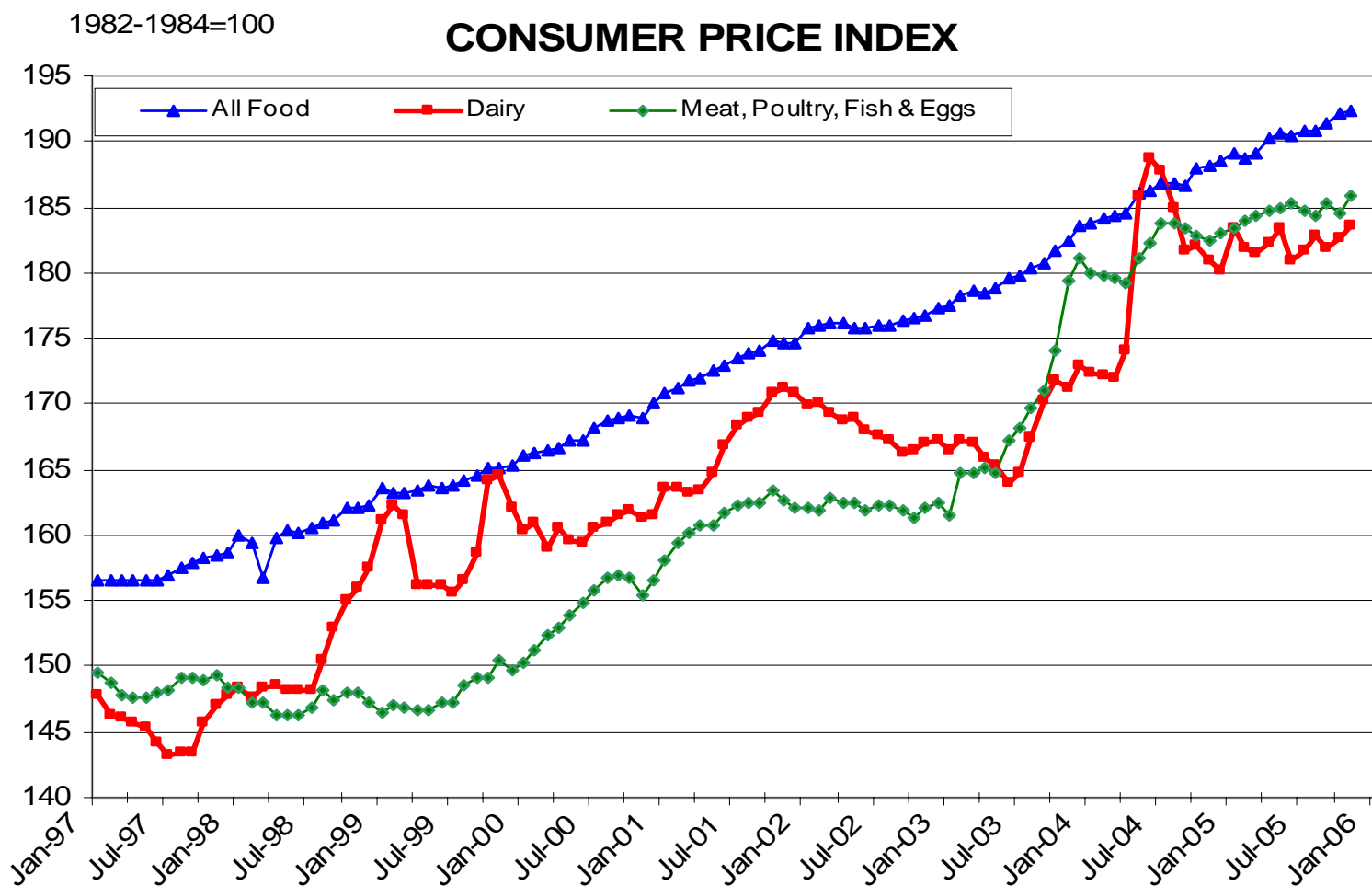
To compare the value of 1 US Dollar to Mexican Pesos: (1/.0913)=
10.9508 Mexican Pesos. Source: "Wall Street Journal"

EASTERN OVERVIEW CONTINUED: winter feed supplies. The 2005 - 2006 milk quota yearend is near in Eastern EU member countries. Milk volumes in many of the countries will be within quota limits with some countries, such as Poland and the Czech Republic, very close to threshold limits. Manufactured dairy product stocks are starting to build, although some small lot, immediate delivery sales are being reported.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE ^{1/}

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>
DEC. 2005	192.9	2.3	183.2	1.7	189.3	4.3	182.3	0.5	174.6	-6.2	185.7	1.4
JAN. 2006	194.1	2.6	183.7	0.2	186.8	-0.2	183.1	-0.7	186.7	-4.4	185.8	1.3
FEB. 2006	194.0	2.8	183.4	0.9	187.7	2.2	181.3	-1.0	180.7	-6.8	185.4	0.8
U.S. City Average Retail Prices												
Month	Whole Milk <u>4/</u>		Butter <u>5/</u>		Process Cheese <u>6/</u>		Natural Cheese <u>7/</u>		Ice Cream <u>8/</u>			
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	Dollars											
DECEMBER	3.241	3.233	2.980	3.463	3.915	3.937	4.433	4.099	3.691		3.849	
JANUARY FEBRUARY												
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	3.197	3.304	3.130	3.513	3.938	3.876	4.443	4.210	3.703		3.873	
	3.224	3.176	3.073	3.525	3.886	3.873	4.314	4.382	3.766		3.790	

^{1/} "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. ^{2/} The standard reference base period for these indexes is 1982-1984 = 100. ^{3/} Percent change over previous year. ^{4/} Per gallon. ^{5/} Per pound. Grade AA, salted, stick butter. ^{6/} Per pound, any size and type of package. ^{7/} Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). ^{8/} Per 1/2 gallon, prepackaged regular.



MARCH AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in March 2006 declined 1 point to 144. Compared with March 2005, the index was up 5 points (3.6 percent). The index of prices received by farmers for dairy products declined 5 points during the month of March 2006 to 98. Compared with March 2005, the index was down 21 points (17.6 percent).

Prices received by farmers in March with changes from February were: for All Milk, \$12.80 per hundredweight (cwt.), down \$.70; Fluid Grade Milk, \$12.80 per cwt., down \$.70; and for Manufacturing Grade Milk, \$11.80 per cwt., down \$.80.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., MARCH 2006 WITH COMPARISONS*

STATE	All-milk price 1/ 3/				Milk cows 5/		Cows 6/		Alfalfa hay, baled 7/*	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	FEBRUARY		MARCH		MARCH		MARCH		MARCH	
	2006 2/	2005 2/	2006 4/	2005 2/	2006	2005	2006 7/	2005 8/	2006	2005
CA	11.72	14.51	11.10	14.22	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		48.70	49.40	135.00	132.00
ID	12.10	14.00	11.50	14.60			48.30	53.30	112.00	101.00
MI	14.20	15.70	13.30	15.70			51.00	52.00	105.00	100.00
MN	13.40	15.90	12.60	15.80			53.50	59.60	70.00	74.00
NM	12.60	14.70	12.40	14.60			49.50	55.60	124.00	124.00
NY	14.30	15.70	13.20	16.10			---	---	135.00	150.00
PA	15.80	16.90	14.70	17.50			50.00	52.70	174.00	140.00
TX	13.80	15.80	13.80	15.70			46.60	53.40	146.00	120.00
WA	13.60	15.20	13.50	15.30			---	---	115.00	100.00
WI	13.90	16.10	12.90	16.10			50.60	56.20	115.00	90.00
U.S.	13.50	15.50	12.80	15.60			49.90	55.00	100.00	96.40

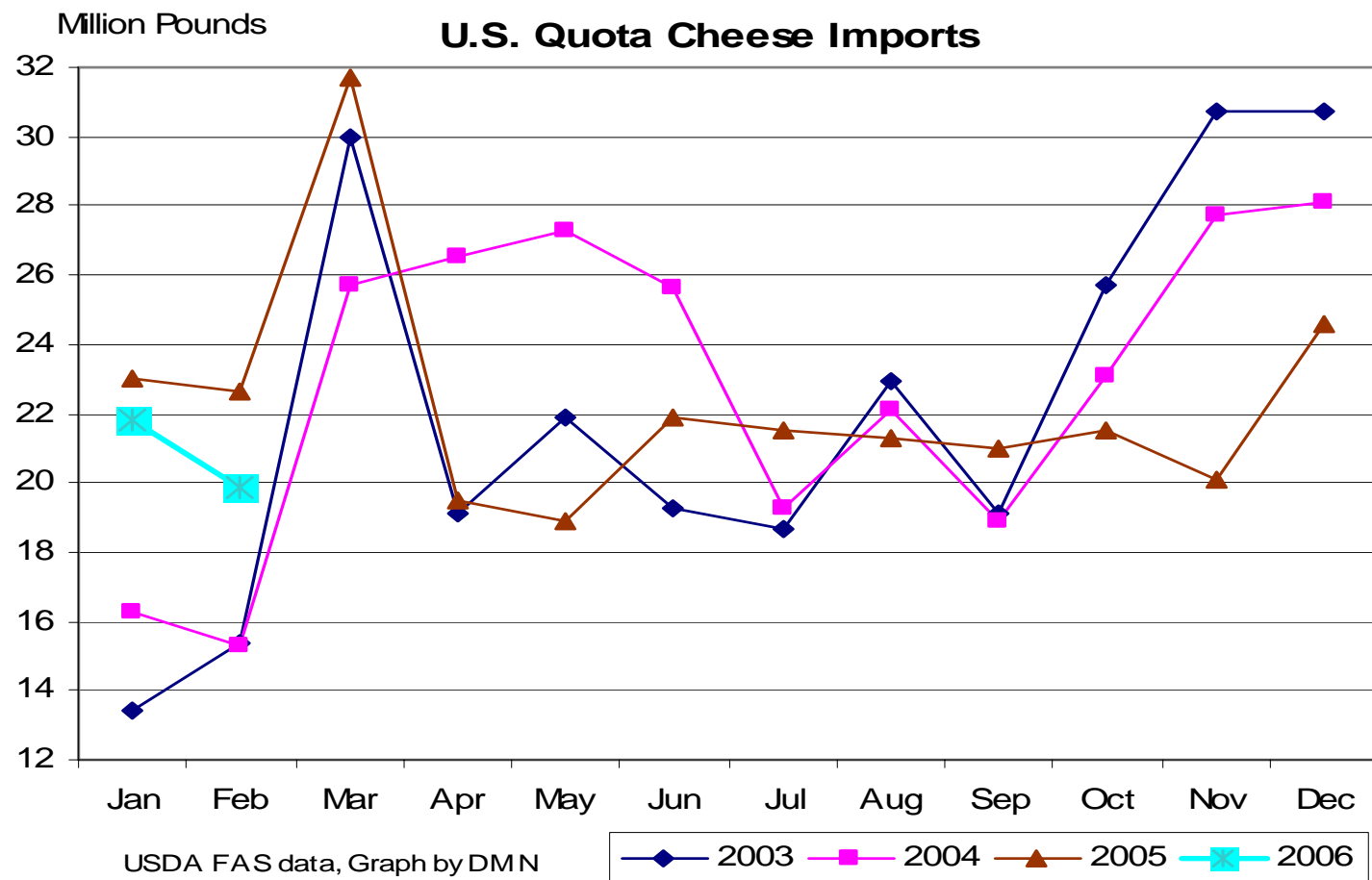
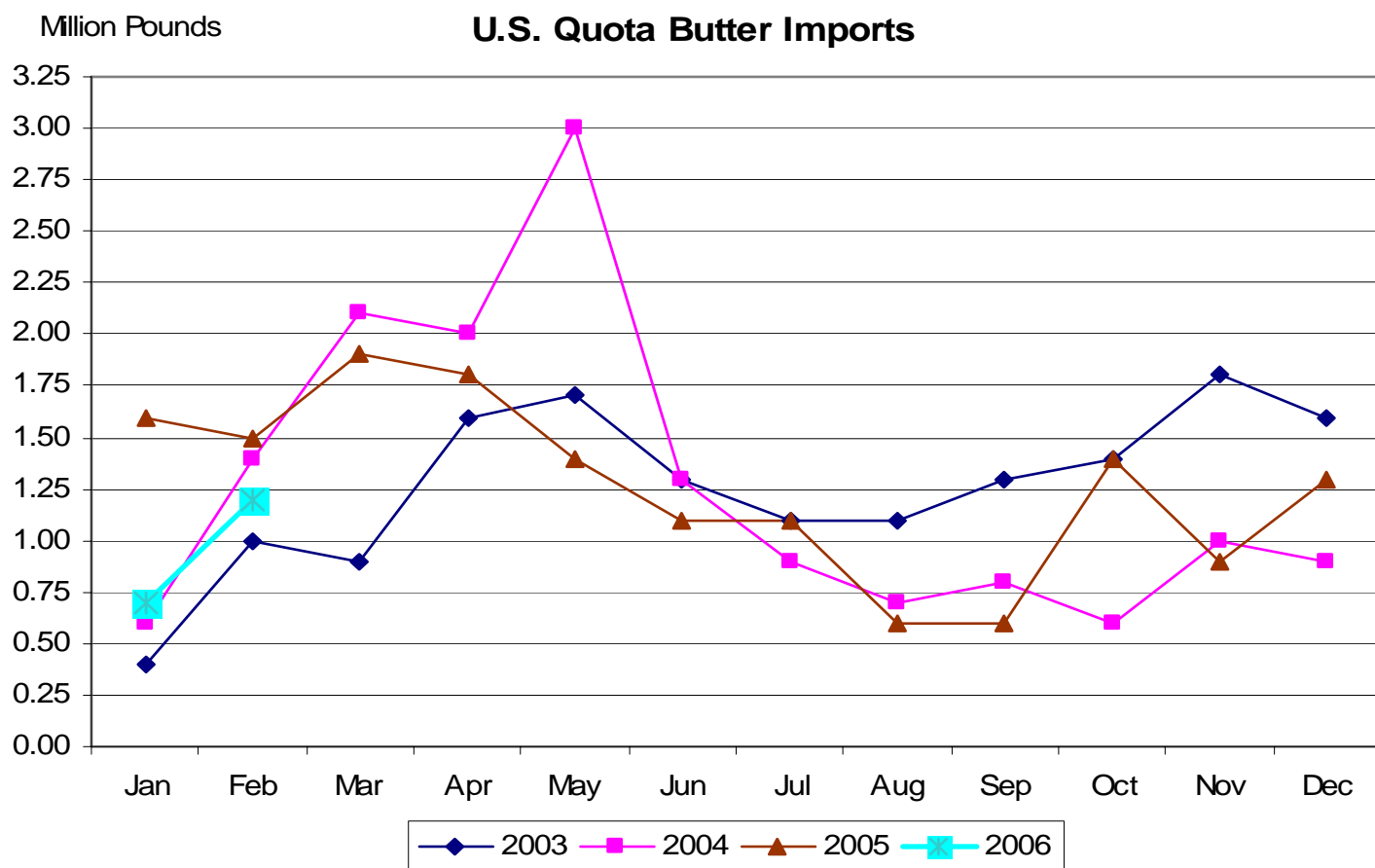
* Please note that, beginning with this report, the "All hay, baled" price measure has been replaced with the "Alfalfa hay, baled" price measure. 1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND OTHER GENERAL PRICE MEASURES, U.S., MARCH 2006 WITH COMPARISON

ITEM	MARCH 2005	FEBRUARY 2006 1/	MARCH 2006 2/
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test:			
All milk	15.60	13.50	12.80
Fluid grade milk	15.60	13.50	12.80
Manufacturing grade milk	14.80	12.60	11.80
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	119	114	113
Prices received by farmers for dairy products	119	103	98
Prices paid by farmers for commodities and services, interest taxes, and wage rates	139	145	144
Prices paid by farmers for production items	136	143	142
Prices paid by farmers for feed	115	120	118
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk 3/	3.35	2.92	2.77

1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay and all wheat.

SOURCE: "Agricultural Prices," Pr 1 (3/06), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.



CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF MARCH 27 - 31, 2006			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/05	SAME PERIOD LAST YEAR	WEEK ENDING 03/24/06	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	1,306,646	31,817,269	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Instant	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	1,306,646	31,817,269	-0-	-0-

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MARCH 27 - 31, 2006 =	0.0	0.0	COMPARABLE PERIOD IN 2005 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 2005 =	0.3	15.2	CUMULATIVE SAME PERIOD LAST YEAR =	7.0	370.4
CUMULATIVE JANUARY 1 - MARCH 31, 2006 =	0.3	15.2	COMPARABLE CALENDAR YEAR 2005 =	0.0	0.0

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF MARCH 27 - 31, 2006 (POUNDS)*

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/05 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
CENTRAL	-0-	-0-	-0-	-0-	-0-	1,331,567	-0-	4.2
WEST	-0-	-0-	-0-	-0-	1,306,646	29,415,099	100.0	92.4
EAST	-0-	-0-	-0-	-0-	-0-	1,070,603	-0-	3.4
TOTAL	-0-	-0-	-0-	-0-	1,306,646	31,817,269	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 03/11/06 & Comparable Week 2005

Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL		% DAIRY OF ALL	
											WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
2006-Dairy	N.A.	0.5	6.6	2.4	15.7	2.8	0.1	N.A.	15.3	1.7	46.4	485.6	48.1	46.3
2005-Dairy	N.A.	0.6	6.2	2.5	14.3	2.8	1.1	N.A.	13.4	3.4	45.2	525.9	50.6	49.5
2006-All cows	N.A.	0.5	7.8	10.2	28.6	15.9	11.2	N.A.	16.8	2.3	96.4	1,048.2		
2005-All cows	N.A.	0.6	7.6	10.6	26.8	9.1	11.8	N.A.	14.3	5.7	89.4	1,062.1		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14
2005	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30	14.35	13.35	13.37

FEDERAL MILK ORDER CLASS PRICES FOR 2006 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	13.38	13.38	12.49	11.22								
II	13.25	12.62	11.69									
III	13.39	12.20	11.11									
IV	12.20	11.10	10.68									

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfm05/mib/cls_prod_cmp_pr.htm